

CITY OF WILLIAMSBURG
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2010

Table of Contents

	<u>Page</u>
Officials	1
Independent Auditors' Report	2-3
Management's Discussion and Analysis	4-9
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Statement of Activities and Net Assets – Cash Basis	A 10-11
Governmental Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B 12-13
Proprietary Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C 14
Notes to Financial Statements	15-25
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds	26-27
Notes to Required Supplementary Information – Budgetary Reporting	28
Other Supplementary Information:	<u>Schedule</u>
Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1 29
Schedule of Indebtedness	2 30-31
Bond and Note Maturities	3 32-33
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	4 34-35
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	36-37
Schedule of Findings	38-41

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2010)		
Frank Murphy	Mayor	Jan 2010
Don Kirkpatrick	Mayor Pro Tem	Jan 2012
Theresa Phillips	Council Member	Jan 2012
Marcia Greiner	Council Member	Jan 2010
Tom McAreavy	Council Member	Jan 2010
Adam Grier	Council Member	Jan 2012
Jenifer Mein	Clerk /Treasurer	Appointed
Eric Tindal	Attorney	Appointed

(After January 2010)		
Frank Murphy	Mayor	Jan 2012
Don Kirkpatrick	Mayor Pro Tem	Jan 2012
Theresa Phillips	Council Member	Jan 2012
Adam Grier	Council Member	Jan 2012
Marty Bunge	Council Member	Jan 2014
Pat McGovern	Council Member	Jan 2014
Jenifer Mein	Clerk /Treasurer	Appointed
Eric Tindal	Attorney	Appointed

City of Williamsburg

LINES MURPHY & COMPANY, P.L.C.

M Certified Public Accountants
625 Main St.
Osage, IA 50461-1307

Ph. 641-732-5841
Fax 641-732-5193

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Williamsburg's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

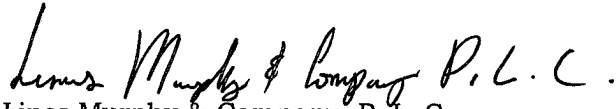
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg as of June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 1, 2010 on our consideration of the City of Williamsburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 9 and 26 through 28 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Williamsburg's basic financial statements. The financial statements for the six years ending June 30, 2009 (which are not presented herein), were audited by other auditors whose reports expressed unqualified opinions on financial statements from 2004-2006 and qualified opinions on financial statements from 2007-2009, which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.



Lines Murphy & Company, P. L. C.

Certified Public Accountants

Osage, Iowa

October 1, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Williamsburg provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 1.5%, or approximately \$105,000, from fiscal 2009 to fiscal 2010. Capital Grants increased approximately \$142,000, Operating Grants increased approximately \$77,000 and Tax Increment Financing increased approximately \$114,000.
- Disbursements of the City's governmental activities decreased 39.9%, or approximately \$3,178,000, in fiscal 2010 from fiscal 2009. Debt Service and capital projects disbursements decreased approximately \$1,533,000 and \$1,640,000, respectively.
- The City's total cash basis net assets increased 50.8%, or approximately \$2,222,000 from June 30, 2009 to June 30, 2010. Of this amount, the assets of the governmental activities increased approximately \$2,176,000 and the assets of the business type activities increased approximately \$46,000.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health & social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Tax Increment Financing, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements, and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City.

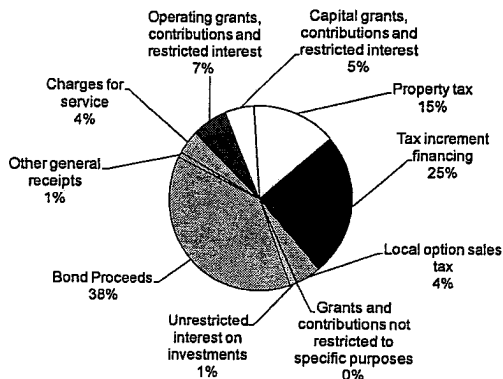
The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

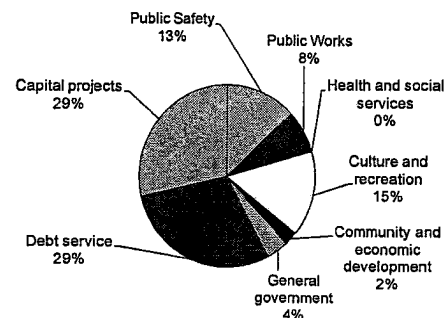
Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$3.968 million to \$6.144 million. The analysis that follows focuses on the cash balances for governmental activities

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2010	2009
Receipts:		
Program receipts:		
Charges for service	\$ 283	\$ 300
Operating grants, contributions and restricted interest	441	364
Capital grants, contributions and restricted interest	352	210
General receipts:		
Property tax	1,028	884
Tax increment financing	1,745	1,631
Local option sales tax	301	326
Grants and contributions not restricted to specific purposes	7	-
Unrestricted interest on investments	86	123
Note proceeds	2,628	3,045
Other general receipts	66	159
Total receipts	6,937	7,042
Disbursements:		
Public safety	617	597
Public works	364	395
Health and social services	1	1
Culture and recreation	727	717
Community and economic development	117	108
General government	191	204
Debt service	1,405	2,938
Capital projects	1,370	3,010
Total disbursements	4,792	7,970
Change in cash basis net assets before transfers	2,145	(928)
Transfers, net	31	27
Change in cash basis net assets	2,176	(901)
Cash basis net assets beginning of year, as restated	3,968	4,869
Cash basis net assets end of year	\$ 6,144	\$ 3,968

Receipts by Source



Disbursements by Function



The City's total receipts for governmental activities decreased 1.5%, or approximately \$105,000. The total cost of all programs and services decreased approximately \$3,178,000, or 39.9%. The decrease in receipts was primarily the result of decrease in Hotel/Motel taxes, Local Option Sales Tax, and License and Permits. The significant decrease in costs was due to capital projects being completed and budget restraints.

The cost of all governmental activities this year was \$4.792 million compared to \$7.970 million last year. However, as shown in the Statement of Activities and Net Assets on pages 10-11, the amount taxpayers ultimately financed for these activities was only \$3.716 million because some of the cost was paid by those who directly benefited from the programs (\$283,000) or by other governments and organizations that subsidized certain programs with grants, contributions, and restricted interest (\$793,000). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, decreased in 2010 from approximately \$875,000 to approximately \$1,076,000. The City paid for the remaining "public benefit" portion of governmental activities (\$3,716,000) with taxes (some of which could only be used for certain programs), bond proceeds in fiscal year 2010 and other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2010	2009
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 295	\$ 286
Sewer	412	365
General receipts:		
Unrestricted interest on investments	6	10
Miscellaneous	25	27
Total receipts	<u>738</u>	<u>688</u>
Disbursements:		
Water	294	308
Sewer	367	376
Total disbursements	<u>661</u>	<u>684</u>
Change in cash basis net assets before transfers	77	4
Transfers, net	<u>(31)</u>	<u>(27)</u>
Change in cash basis net assets	46	(23)
Cash basis net assets beginning of year	<u>404</u>	<u>427</u>
Cash basis net assets end of year	<u>\$ 450</u>	<u>\$ 404</u>

Total business type activities receipts for the fiscal year were approximately \$738,000 compared to approximately \$688,000 last year. The cash balance increased by approximately \$46,000 from the prior year. Total disbursements for the fiscal year decreased by 3.4% to a total of approximately \$661,000; mostly due to conserving the budget.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Williamsburg completed the year, its governmental funds reported a combined fund balance of \$6,144,258, an increase of \$2,175,932 above last year's total of \$3,968,326. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The Capital Project, 2007 Library Site/Building Project cash balance increased \$2,535,873 from the prior year to \$2,536,403. The increase is due to note proceeds received for future project expenses.
- The Capital Project, 2007 Child Development Project cash balance decreased \$348,597 from the prior year to \$71,738. This decrease was due to expenditures towards the project increasing approximately \$269,000.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased \$1,000 to \$99,492.
- The Sewer Fund cash balance increased \$45,017 to \$350,581, primarily due to increase in revenues collected.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 24, 2010 and resulted in an increase in operating disbursements mostly related to Capital Projects.

Total disbursements were \$839,833 less than the amended budget. This was primarily due to the library project expenses not incurred in 2010.

DEBT ADMINISTRATION

At June 30, 2010, the City had approximately \$10,678,000 in bonds and other long-term debt, compared to approximately \$9,152,000 last year, as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2010	2009
General obligation notes	\$ 7,485	\$ 5,840
Revenue bonds	1,771	1,687
Capital leases	1,422	1,625
Total	<u>\$10,678</u>	<u>\$ 9,152</u>

Debt increased as a result of note proceeds received to fund the 2007 Library Site/Building Project.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$7,485,000 is significantly below its constitutional debt limit of \$9.8 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Williamsburg's elected and appointed officials consider factors such as tax rates and fees that will be charged for various City activities when they adopted the 2010 budget.

Projects being continued, completed or considered for fiscal year 2010 are:

- A new library
- Child Development Center
- North Trunk Sewer project
- Highland Street project

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jenifer J. Mein, City Clerk/Treasurer, 210 West State Street, PO Box 596, Williamsburg, Iowa 52361, or call (319) 668-1133.

City of Williamsburg

City of Williamsburg

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2010

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions / Programs:				
Governmental activities:				
Public safety	\$ 616,863	1,361	10,607	-
Public works	363,839	2,790	245,801	-
Health & Social Services	1,200	-	-	-
Culture and recreation	726,768	243,948	54,185	-
Community and economic development	117,399	-	-	-
General government	191,063	34,598	-	-
Debt service	1,405,313	648	-	-
Capital projects	1,369,740	-	130,299	351,690
Total governmental activities	4,792,185	283,345	440,892	351,690
Business type activities:				
Water	\$ 294,286	317,995	-	-
Sewer	366,928	414,216	-	-
Total business type activities	\$ 661,214	732,211	-	-
Component Unit:				
Library Foundation	\$ 2,650	-	68,828	-
Total Component Unit	\$ 2,650	-	68,828	-
Total	\$ 5,456,049	1,015,556	509,720	351,690
General Receipts:				
Property tax and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Grants and contributions not restricted to specific purposes				
Unrestricted interest on investments				
Bond Proceeds				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year, as restated				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Streets				
Urban renewal purposes				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Exhibit A

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			Aggregate Discretely Presented Component Unit
Governmental Activities	Business Type Activities	Total	
(604,895)	-	(604,895)	-
(115,248)	-	(115,248)	-
(1,200)	-	(1,200)	-
(428,635)	-	(428,635)	-
(117,399)	-	(117,399)	-
(156,465)	-	(156,465)	-
(1,404,665)	-	(1,404,665)	-
(887,751)	-	(887,751)	-
(3,716,258)	-	(3,716,258)	-
-	23,709	23,709	-
-	47,288	47,288	-
-	70,997	70,997	-
-	-	-	66,178
-	-	-	66,178
(3,716,258)	70,997	(3,645,261)	66,178
813,949	-	813,949	-
213,824	-	213,824	-
1,745,233	-	1,745,233	-
300,796	-	300,796	-
7,324	-	7,324	-
85,964	5,926	91,890	-
2,628,000	-	2,628,000	-
66,194	-	66,194	-
30,906	(30,906)	-	-
5,892,190	(24,980)	5,867,210	-
2,175,932	46,017	2,221,949	66,178
3,968,326	404,056	4,372,382	187,880
\$ 6,144,258	450,073	6,594,331	254,058
\$ 31,667	-	31,667	-
218,328	-	218,328	-
219,697	11,127	230,824	-
47,524	-	47,524	-
5,627,042	438,946	6,065,988	254,058
\$ 6,144,258	450,073	6,594,331	254,058

City of Williamsburg

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2010

	General	Special Revenue		Debt Service
		Road Use Tax	Tax Increment Financing	
Receipts:				
Property tax	\$ 546,128	\$ -	\$ -	\$ 211,669
Tax increment financing	-	-	1,745,232	-
Other city tax	102,547	-	-	2,155
Licenses and permits	19,174	-	-	-
Use of money and property	122,295	-	5,828	8,364
Intergovernmental	30,958	231,769	-	-
Charges for service	193,888	-	-	-
Special assessments	-	-	-	648
Miscellaneous	104,381	-	-	-
Total receipts	1,119,371	231,769	1,751,060	222,836
Disbursements:				
Operating:				
Public safety	613,131	-	-	-
Public works	122,912	219,878	-	-
Health & Social Services	1,200	-	-	-
Culture and recreation	726,768	-	-	-
Community and economic development	19,927	-	97,472	-
General government	191,063	-	-	-
Debt service	-	-	-	1,405,313
Capital projects	-	-	-	-
Total disbursements	1,675,001	219,878	97,472	1,405,313
Excess (deficiency) of receipts over (under) disbursements	(555,630)	11,891	1,653,588	(1,182,477)
Other financing sources (uses):				
Note Proceeds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	794,605	-	-	1,207,389
Operating transfers out	(36,483)	-	(1,632,000)	-
Total other financing sources (uses)	758,122	-	(1,632,000)	1,207,389
Net change in cash balances	202,492	11,891	21,588	24,912
Cash balances beginning of year, as restated	2,075,862	19,776	196,740	194,785
Cash balances end of year	\$ 2,278,354	31,667	218,328	219,697
Cash Basis Fund Balances				
Reserved for debt service	\$ -	-	-	219,697
Unreserved:				
General fund	2,278,354	-	-	-
Special revenue funds	-	31,667	218,328	-
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
Total cash basis fund balances	\$ 2,278,354	31,667	218,328	219,697

See notes to financial statements.

Exhibit B

Capital Projects	Nonmajor	Total
45,346	116,870	920,013
-	-	1,745,232
847	303,006	408,555
-	-	19,174
23,168	1,497	161,152
411,690	11,452	685,869
-	-	193,888
-	-	648
70,299	-	174,680
551,350	432,825	4,309,211
-	3,732	616,863
-	21,049	363,839
-	-	1,200
-	-	726,768
-	-	117,399
-	-	191,063
-	-	1,405,313
1,369,740	-	1,369,740
1,369,740	24,781	4,792,185
(818,390)	408,044	(482,974)
2,628,000	-	2,628,000
157,000	-	2,158,994
-	(459,605)	(2,128,088)
2,785,000	(459,605)	2,658,906
1,966,610	(51,561)	2,175,932
1,382,078	99,085	3,968,326
3,348,688	47,524	6,144,258
-	-	219,697
-	-	2,278,354
-	46,552	296,547
3,348,688	-	3,348,688
-	972	972
3,348,688	47,524	6,144,258

City of Williamsburg

City of Williamsburg

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2010

	Enterprise Funds		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 294,734	\$ 412,333	\$ 707,067
Operating disbursements:			
Business type activities	294,286	294,101	588,387
Excess (deficiency) of operating receipts over (under) operating disbursements	448	118,232	118,680
Non-operating receipts (disbursements):			
Use of Money & Property	1,348	4,578	5,926
Miscellaneous	23,261	1,883	25,144
Debt Service	-	(72,827)	(72,827)
Net non-operating receipts (disbursements)	24,609	(66,366)	(41,757)
Excess (deficiency) of receipts over (under) disbursements	25,057	51,866	76,923
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(24,057)	(6,849)	(30,906)
Total other financings sources (uses)	(24,057)	(6,849)	(30,906)
Net change in cash balances	1,000	45,017	46,017
Cash balances beginning of year	98,492	305,564	404,056
Cash balances end of year	\$ 99,492	\$ 350,581	\$ 450,073
Cash Basis Fund Balances			
Reserved for debt service	\$ -	\$ 11,127	\$ 11,127
Unreserved	99,492	339,454	438,946
Total cash basis fund balances	\$ 99,492	\$ 350,581	\$ 450,073

See notes to financial statements.

City of Williamsburg

City of Williamsburg

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

The City of Williamsburg is a political subdivision of the State of Iowa located in Iowa County. It was first incorporated in 1885 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Williamsburg has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements include the City of Williamsburg (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Unit

The Williamsburg Library Foundation, Inc. is presented in a separate column to emphasize that it is a separate entity, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Williamsburg Library Foundation, Inc. is a non-profit organization created for the sole purpose of raising funds to support the Williamsburg Library. Most revenues are generated from private donations given by individuals and businesses in the area.

Williamsburg Fire Fighters Association, which is incorporated under Chapter 504A of the Code of Iowa, is a component unit because it has the potential to provide benefits to the City of Williamsburg Fire Department. The association is in the process of changing the entity type, and it is the intent that the 501(c)3 process be completed during the next fiscal year. The Fire Fighters Association Board of Directors is, in appearance, essentially the same as the Williamsburg Fire Department. Condensed financial statements for the year ended December 31, 2009 presented in Note 17 were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S.

generally accepted accounting principles. Unaudited financial statements may be obtained from 102 Fire Ridge Road, Williamsburg, Iowa 52361.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no known ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Iowa County Assessor's Conference Board, Iowa County Joint E911 Service Board, and Regional Environmental Improvement Commission.

Related Organization

The Friends of the Williamsburg Library is an organization separate from the City. The Friends has been created for the sole purpose of raising funds to support the Williamsburg Library but is not financially accountable to the City.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Tax Increment Financing Fund is used to account for urban renewal projects financed by tax increment financing.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Williamsburg maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City of Williamsburg funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010,

disbursements exceeded the amounts budgeted in the general government and debt service functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Credit risk – The City had no investments with credit risk.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation notes and revenue bonds are as follows:

Year Ending June 30,	General Obligation					
	Notes		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	950,000	266,887	973,000	25,290	1,923,000	292,177
2012	920,000	228,219	47,000	23,940	967,000	252,159
2013	850,000	198,543	48,000	22,530	898,000	221,073
2014	605,000	172,006	49,000	21,090	654,000	193,096
2015	510,000	153,136	51,000	19,620	561,000	172,756
2016-2020	2,565,000	536,916	278,000	74,262	2,843,000	611,178
2021-2025	870,000	163,338	325,000	29,850	1,195,000	193,188
2026	215,000	9,138	-	-	215,000	9,138
Total	7,485,000	1,728,183	1,771,000	216,582	9,256,000	1,944,765

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

Revenue Bonds

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,200,000 in sewer revenue bonds issued in June, 2005 and February, 2006. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment system. The bonds are payable solely from sewer customer net receipts and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 58 percent of the net receipts. The total principal and interest remaining to be paid on the bonds is \$1,059,582. For the current year, principal and interest paid and total customer net receipts were \$70,610 and \$124,693, respectively.

The City has pledged future child care facility customer receipts, net of operating disbursements, to repay \$1,200,000 in child care facility enterprise revenue anticipation project notes issued in December, 2007. As of June 30, 2010, the City has drawn \$928,000 of the \$1,200,000 maximum amount. Proceeds from the note are for the acquisition of land and construction, furnishing and equipping of a child care center. The maturity date of the anticipation project note has been extended to July 1, 2010, and will be paid from proceeds of the Child Care Facility Enterprise Revenue Notes that will be issued at the completion of the project.

The resolutions providing for the issuance of the revenue bonds include the following provisions.

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly transfers shall be made to the separate water and sewer revenue bond sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c. There shall be a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the net revenues remaining after first making the required payments in the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Funds whenever necessary to prevent or remedy a default in the payment of the principal or interest on the Bonds and Parity Obligations.
- d. As long as the Sinking Fund has the full amounts required to be deposited therein by this resolution, any balance in the Surplus Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation on the utility, may from time to time direct.

(4) Lease Purchase Agreement

On June 1, 2006, the City entered into a lease purchase agreement to purchase the fire station for \$2,300,000. The lease purchase agreement bears interest at an average rate of 4.3% and matures June 1, 2017. Principal and interest paid during fiscal year 2010 totaled \$318,833.

On March 30, 2010 the City entered into a lease purchase agreement to purchase two new police vehicles for \$47,647. The lease purchase agreement bears interest at an average rate of 5.5 % and matures April 29, 2014. Principal and interest paid during fiscal year 2010 totaled \$10,621

The remaining annual lease purchase payments are as follows:

Year Ending June 30,	Lease Purchase	
	Principal	Interest
2011	283,577	60,252
2012	199,048	48,093
2013	199,544	39,521
2014	200,068	31,208
2015	190,000	22,770
2016-2017	340,000	21,220
Total	1,412,237	223,064

(5) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.30% of their annual covered salary and the City is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$64,257, \$58,980 and \$54,637, respectively, equal to the required contributions for each year.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory termination payments payable to employees at June 30, 2010, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$36,760
Compensatory	<u>17,652</u>
Total	<u>\$51,791</u>

This liability has been computed based on rates of pay in effect at June 30, 2010.

City employees also accumulate a limited amount of earned but unused sick leave hours, personal time, and holiday pay for subsequent use. However, sick leave time, personal time, and holiday time is canceled if an employee leaves his or her employment with the City.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 350,000
	Tax Increment Financing	325,000
	Employee Benefits	109,605
	Enterprise:	
	Water	5,000
	Sewer	5,000
		<u>\$ 794,605</u>
Debt Service	Special Revenue:	
	Tax Increment Financing	\$ 1,150,000
	General Fund	36,483
	Enterprise:	
	Water	19,057
	Sewer	1,849
		<u>\$ 1,207,389</u>
Capital Projects	Special Revenue:	
	Tax Increment Financing	<u>\$ 157,000</u>
Total		<u>\$ 2,158,994</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(8) Economic Development

On January 24, 2000, the City entered into a Development Agreement with Williamsburg Manufacturing, in which the City agrees to make economic development tax rebate payments to Williamsburg Manufacturing, pursuant to Chapters 15A and 403 of the Code of Iowa, in amounts which represent 50% of the property taxes paid with respect to the incremental property valuation of the construction project to expand the facilities of Williamsburg Manufacturing through June 1, 2011. The tax rebate payments shall not constitute general obligations of the City, but shall be paid solely and only from incremental property taxes received by the City from the County Treasurer which are attributable to the construction project.

(9) Thelma Wyman Memorial

During August of 1991, the family of Thelma Wyman contributed \$500 to be put into an interest bearing account, the principal of which is to remain intact and cannot be withdrawn for any reason. One percent of the yearly interest shall be added to and become part of the principal. The remaining interest from this account is paid to Williamsburg Public Library to be used as the Library Board deems necessary in order to maintain the library.

(10) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Regional Environmental Improvement Commission

The City, in conjunction with all other municipalities in Iowa County, has created the Regional Environmental Improvement Commission. The Commission was established for the primary purpose of providing for the collection and disposal of solid waste produced or generated by each participant. On dissolution of the corporation, the net assets of the Commission will be prorated among the municipalities. The Commission is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction.

During the year ended June 30, 2010, the City of Williamsburg paid Cox Sanitation \$82,781. The sanitation company is then responsible for paying all landfill fees for the City's share of the cost. Completed financial statements for the Commission can be obtained from the Region Environmental Improvement Commission.

(12) Boyd Monies

Walter C. Boyd left the balance of his estate to the town of Williamsburg, Iowa, to be used as the City sees fit. The City Council set up a separate account in the General Fund to track this money and show the citizens where the money is being spent.

On February 15, 2005, Assisted Living Facility Revenue Refunding Bonds in the amount of \$10,000,000 were issued. These revenue bonds were issued for the purpose of refunding two previous issuances of Revenue Bonds (Series 2002 Bonds and Series 2003 Bonds) which financed the cost of construction of the Williamsburg Retirement Community, Inc. Project.

On November 13, 2006, Nursing and Independent Living Facilities Revenue Bonds (Williamsburg Retirement Community, Inc. Project) in the amount not to exceed \$7,000,000 were issued to finance the costs of construction and furnishing a 44 bed skilled nursing facility and 8 independent living units.

These bonds are a special limited obligation of the City and shall not be payable from or charged upon any funds other than Loan Repayments made by the Williamsburg Retirement Community, Inc. The bonds do not constitute a debt of the City within any constitutional or statutory limitation.

(13) Other Postemployment Benefits (OPEB)

Plan Description -The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are seventeen active and zero retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member's monthly premiums for the City and plan members are \$748 for single coverage and \$1,892 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2010, the City contributed \$267,956 and plan members eligible for benefits contributed \$0 to the plan.

(14) Commitments

As of June 30, 2010, the City had the following commitments with respect to the following projects:

	<u>Remaining Commitment</u>	<u>Expected Date of Completion</u>
Library	\$ 2,719,000	July 2010
Library Engineering	44,770	July 2010
Child Development Building	113,039	October 2010
Child Development Building Engineering	97,777	October 2010
Total	<u>\$ 2,974,586</u>	

(15) Management and Use Agreement

Due to the importance of affordable childcare the City constructed a daycare facility with the intent to sign a management agreement with Williamsburg Community Childcare Center and K.I.N.D Care. Payments will be established based on the total cost of the building. As of the date of this report the building was not completed and as such payment arrangements have not been finalized. The intent is that once all payments have been made by the childcare providers the option to purchase will have been exercised.

The City maintains the right to repurchase the land if either childcare providers decides to sell the childcare facility.

(16) Leases

The City leases property to the school under an operating lease requiring payments of \$25,000 on November 11, 2009 and April 15, 2010. The lease is for July 1, 2009 to June 30, 2010. Total lease payments received for the year ended June 30, 2010 is \$50,000.

(17) The Williamsburg Firefighters Association

The Williamsburg Firefighters Association provides benefits to the City of Williamsburg Fire Department. The Association reports its financial activity using a calendar year end. As permitted by GASB Statement No. 34, the City has opted to present condensed financial information for its discretely presented component unit. Following is the unaudited condensed financial information for the Williamsburg Firefighters Association for the year ended December 31, 2009.

	Williamsburg Firefighters Association
Receipts:	
Miscellaneous	\$ 55,332
Total receipts	<u>55,332</u>
Disbursements:	
Public safety	<u>53,767</u>
Total disbursements	<u>53,767</u>
Excess (deficiency) of receipts over (under) disbursements	1,565
Cash balance beginning of year	<u>16,417</u>
Cash balance end of year	<u><u>\$ 17,982</u></u>

(18) Restatement

The beginning cash basis net assets of the governmental activities, Library Foundation, and Thelma Wyman Fund have been restated to reclassify the Library Foundation from a blended component unit to a discretely presented component unit and add permanent fund not previously reported. The detail of the restatement is as follows:

	Governmental Activities	Aggregate Discretely Presented Component Unit	Governmental Funds	
			Library Foundation	Thelma Wyman Fund
Cash basis net assets June 30, 2009, as previously reported	4,196,960	-	229,586	-
To reclassify previously reported component unit	(229,586)	229,586	(229,586)	-
To correct errors in prior year overstated fund balance	-	(41,706)	-	-
To add permanent fund not previously reported	952	-	-	952
Cash basis net assets July 1, 2009 as restated	3,968,326	187,880	-	952

(19) Subsequent Events

On July 1, 2010, the City issued the following debt with respect to the following projects.

	<u>Amount</u>
Childcare facility	\$ 964,000

City of Williamsburg

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 920,013	-
Tax increment financing	1,745,232	-
Other city tax	408,555	-
Licenses and permits	19,174	-
Use of money and property	161,152	5,926
Intergovernmental	685,869	-
Charges for service	193,888	707,067
Special assessments	648	-
Miscellaneous	174,680	25,144
Total receipts	<u>4,309,211</u>	<u>738,137</u>
Disbursements:		
Public safety	616,863	-
Public works	363,839	-
Health and social services	1,200	-
Culture and recreation	726,768	-
Community and economic development	117,399	-
General government	191,063	-
Debt service	1,405,313	-
Capital projects	1,369,740	-
Business type activities	-	661,214
Total disbursements	<u>4,792,185</u>	<u>661,214</u>
Excess (deficiency) of receipts over (under) disbursements	(482,974)	76,923
Other financing sources (uses), net	<u>2,658,906</u>	<u>(30,906)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,175,932	46,017
Balances beginning of year, as restated	<u>3,968,326</u>	<u>404,056</u>
Balances end of year	<u>\$ 6,144,258</u>	<u>450,073</u>

See accompanying Independent Auditors' Report.

Total	Budgeted Amounts		Final to
	Original	Final	Total Variance
920,013	901,652	901,652	18,361
1,745,232	1,600,000	1,650,000	95,232
408,555	437,227	437,227	(28,672)
19,174	7,700	7,700	11,474
167,078	188,600	192,889	(25,811)
685,869	260,194	684,226	1,643
900,955	930,800	930,800	(29,845)
648	-	-	648
199,824	89,200	173,586	26,238
5,047,348	4,415,373	4,978,080	69,268
616,863	617,612	628,094	11,231
363,839	379,174	379,174	15,335
1,200	1,200	1,200	-
726,768	870,387	973,567	246,799
117,399	116,150	118,623	1,224
191,063	175,207	189,549	(1,514)
1,405,313	1,257,519	1,405,121	(192)
1,369,740	51,100	1,920,205	550,465
661,214	648,374	673,832	12,618
5,453,399	4,116,723	6,289,365	835,966
(406,051)	298,650	(1,311,285)	905,234
2,628,000	-	2,628,000	-
2,221,949	298,650	1,316,715	905,234
4,372,382	3,578,763	4,372,382	-
6,594,331	3,877,413	5,689,097	905,234

Required Supplementary Information

City of Williamsburg

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$2,172,642. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2010, disbursements exceeded the amounts budgeted in the debt service and general government functions.

Other Supplementary Information

City of Williamsburg

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2010

	Special Revenue				Permanent	
	Local Option Sales Tax	Employee Benefits	I-JOBS	Asset Forfeiture	Thelma Wyman Memorial	Total
Receipts:						
Property tax	\$ -	\$ 116,870	\$ -	\$ -	\$ -	116,870
Other City Tax	300,796	2,210	-	-	-	303,006
Use of Money & Property	1,355	122	-	-	20	1,497
Intergovernmental	-	-	11,452	-	-	11,452
Total receipts	302,151	119,202	11,452	-	20	432,825
Disbursements:						
Operating:						
Public safety	-	-	-	3,732	-	3,732
Public works	-	9,597	11,452	-	-	21,049
Total disbursements	-	9,597	11,452	3,732	-	24,781
Excess (deficiency) of receipts over (under) disbursements	302,151	109,605	-	(3,732)	20	408,044
Other financing sources (uses):						
Operating transfers out	(350,000)	(109,605)	-	-	-	(459,605)
Total other financing sources (uses)	(350,000)	(109,605)	-	-	-	(459,605)
Net change in cash balances	(47,849)	-	-	(3,732)	20	(51,561)
Cash balances beginning of year, as restated	94,401	-	-	3,732	952	99,085
Cash balances end of year	\$ 46,552	-	-	-	972	47,524
Cash Basis Fund Balances						
Unreserved:						
Special revenue funds	\$ 46,552	-	-	-	-	46,552
Permanent funds	-	-	-	-	972	972
Total cash basis fund balances	\$ 46,552	-	-	-	972	47,524

See accompanying Independent Auditors' Report.

City of Williamsburg
Schedule of Indebtedness
Year ended June 30, 2010

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Corporate purpose - street, water, & sewer improvement	7/1/2005	3.50-3.63%	\$ 1,400,000
Corporate purpose - street, water, & sewer improvement	5/1/2006	3.75-4.50%	2,660,000
Urban renewal - land acquisition	7/10/2007	3.80%	450,000
Corporate purpose - capital projects	4/1/2008	2.50-4.10%	1,000,000
Corporate purpose - street, water, & sewer series 2009A	4/1/2009	3.50%	750,000
Corporate purpose - street, water, & sewer series 2009B	4/1/2009	3.5-4.20%	1,675,000
Urban renewal bonds - library	4/1/2010	2.25-3.50%	2,500,000
Total			
Revenue bonds:			
State Revolving Funds	6/13/2005	3.00%	\$ 1,050,000
Childcare facility enterprise revenue loan agreement anticipation project note	12/4/2007	4.96%	1,200,000
Total			
Lease Purchase			
Fire Station lease purchase	6/27/2008	4.25-4.35%	\$ 2,300,000
Police Cars	3/30/2010	5.34-5.42%	47,647
Total			

See accompanying Independent Auditors' Report.

Schedule 2

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
160,000	-	50,000	110,000	5,450	-
2,200,000	-	115,000	2,085,000	90,356	-
240,000	-	110,000	130,000	9,120	-
815,000	-	115,000	700,000	27,050	-
750,000	-	205,000	545,000	28,438	-
1,675,000	-	260,000	1,415,000	66,625	-
-	2,500,000	-	2,500,000	-	-
5,840,000	2,500,000	855,000	7,485,000	227,039	-
887,000	-	44,000	843,000	26,610	-
800,000	128,000	-	928,000	48,453	-
1,687,000	128,000	44,000	1,771,000	75,063	-
1,625,000	-	250,000	1,375,000	68,833	-
-	47,647	10,410	37,237	211	-
1,625,000	47,647	260,410	1,412,237	69,044	-

City of Williamsburg
Bond and Note Maturities
June 30, 2010

General Obligation Bonds								
Year Ending June 30,	Corporate Purpose Street, Water, & Sewer Improvements		Corporate Purpose Street, Water, & Sewer Improvements		Urban Renewal Land Acquisition		Capital Projects	
	Issued Jul 1, 2005		Issued May 1, 2006		Issued Jul 10, 2007		Issued Apr 1, 2008	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2011	3.40 %	50,000	4.50 %	100,000	3.80 %	130,000	2.90 %	\$ 110,000
2012	3.50	60,000	4.50	100,000	-	-	3.10	100,000
2013	-	-	3.75	100,000	-	-	3.25	135,000
2014	-	-	3.80	100,000	-	-	3.40	105,000
2015	-	-	3.85	100,000	-	-	3.65	110,000
2016	-	-	3.90	100,000	-	-	-	-
2017	-	-	3.95	100,000	-	-	-	-
2018	-	-	4.00	100,000	-	-	-	-
2019	-	-	4.00	100,000	-	-	4.10	140,000
2020	-	-	4.00	100,000	-	-	-	-
2021	-	-	4.00	100,000	-	-	-	-
2022	-	-	4.00	180,000	-	-	-	-
2023	-	-	4.13	190,000	-	-	-	-
2024	-	-	4.13	195,000	-	-	-	-
2025	-	-	4.25	205,000	-	-	-	-
2026	-	-	4.25	215,000	-	-	-	-
Total		<u>\$ 110,000</u>		<u>\$ 2,085,000</u>		<u>\$ 130,000</u>		<u>\$ 700,000</u>

Revenue Bond					
Year Ending June 30,	Sewer Revenue Bonds		Sewer Revenue Bonds		Total
	Issued Jun 13, 2005		Issued Jun 13, 2005		
	Interest Rates	Amount	Interest Rates	Amount	
2011	3.00 %	\$ 45,000	4.96 %	\$ 928,000	\$ 973,000
2012	3.00	47,000			47,000
2013	3.00	48,000			48,000
2014	3.00	49,000			49,000
2015	3.00	51,000			51,000
2016	3.00	52,000			52,000
2017	3.00	54,000			54,000
2018	3.00	56,000			56,000
2019	3.00	57,000			57,000
2020	3.00	59,000			59,000
2021	3.00	61,000			61,000
2022	3.00	63,000			63,000
2023	3.00	65,000			65,000
2024	3.00	67,000			67,000
2025	3.00	69,000			69,000
Total		\$ 843,000		\$ 928,000	\$ 1,771,000

See accompanying Independent Auditors' Report.

Schedule 3

Corporate Purpose Street, Water, & Sewer series 09A			Corporate Purpose Street, Water, & Sewer series 09B			Corporate Purpose Urban Renewal			
Issued Apr 1, 2009			Issued Apr 1, 2009			Issued Apr 1, 2010			
Interest			Interest			Interest			
Rates	Amount		Rates	Amount		Rates	Amount		Total
3.50 %	\$	210,000	3.50 %	\$	250,000	2.25 %	\$	100,000	950,000
3.50		210,000	3.50		200,000	2.25		250,000	920,000
3.50		125,000	3.50		240,000	2.25		250,000	850,000
		-	3.50		200,000	2.25		200,000	605,000
		-	4.00		100,000	2.50		200,000	510,000
		-	4.00		100,000	2.75		200,000	400,000
		-	4.00		100,000	2.75		200,000	400,000
		-	4.00		100,000	3.25		200,000	400,000
		-	4.20		125,000	3.25		200,000	565,000
		-			-	3.50		700,000	800,000
		-			-			-	100,000
		-			-			-	180,000
		-			-			-	190,000
		-			-			-	195,000
		-			-			-	205,000
		-			-			-	215,000
<u>\$ 545,000</u>			<u>\$ 1,415,000</u>			<u>\$ 2,500,000</u>			<u>7,485,000</u>

City of Williamsburg
Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Seven Years

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Receipts:				
Property tax	\$ 920,013	\$ 787,373	\$ 593,123	944,096
Tax increment financing	1,745,232	1,631,084	1,563,029	1,500,055
Other city tax	408,555	423,988	446,083	419,263
Licenses and permits	19,174	185,011	327,267	253,153
Use of money and property	161,152	5,590	8,787	6,247
Intergovernmental	685,869	489,155	313,959	260,262
Charges for service	193,888	206,977	239,226	242,471
Special assessments	648	964	948	1,004
Miscellaneous	174,680	149,177	563,337	868,333
Total	<u>\$ 4,309,211</u>	<u>\$ 3,879,319</u>	<u>\$ 4,055,759</u>	<u>4,494,884</u>
Disbursements:				
Operating:				
Public safety	\$ 616,863	\$ 597,270	\$ 557,288	569,356
Public works	363,839	395,385	393,721	374,606
Health and social services	1,200	1,200	1,200	1,200
Culture and recreation	726,768	717,422	1,242,755	1,837,607
Community and economic development	117,399	107,631	93,870	217,725
General government	191,063	203,736	173,863	166,960
Debt service	1,405,313	2,938,235	1,350,466	1,338,712
Capital projects	1,369,740	3,009,992	343,686	1,919,561
Total	<u>\$ 4,792,185</u>	<u>\$ 7,970,871</u>	<u>\$ 4,156,849</u>	<u>6,425,727</u>

See accompanying Independent Auditors' Report.

Schedule 4

<u>2006</u>	<u>2005</u>	<u>2004</u>
526,093	488,445	562,707
1,469,800	1,209,469	1,064,489
347,347	405,485	369,752
258,356	103,249	130,146
24,916	11,806	9,662
310,225	237,257	247,295
194,269	297,499	240,016
1,113	10,244	28,230
158,791	243,063	96,540
<u>3,290,910</u>	<u>3,006,517</u>	<u>2,748,837</u>

509,101	422,794	373,751
400,671	444,297	348,133
1,000	900	900
791,147	624,977	694,955
221,911	117,097	157,006
146,756	152,526	138,087
1,110,648	836,970	583,085
2,384,546	1,623,061	302,504
<u>5,565,780</u>	<u>4,222,622</u>	<u>2,598,421</u>

City of Williamsburg

Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated October 1, 2010. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Williamsburg's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Williamsburg's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Williamsburg's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility a material misstatement of City of Williamsburg's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 and II-B-10 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as item II-C-10 to be significant deficiencies.

Compliance and Other Matters

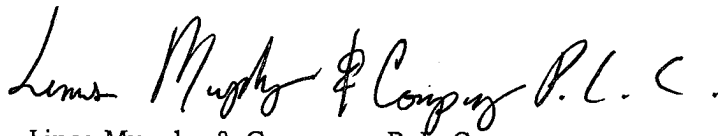
As part of obtaining reasonable assurance about whether the City of Williamsburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Williamsburg's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Williamsburg's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Williamsburg and other parties to whom the City of Williamsburg may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Williamsburg during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Lines Murphy & Company, P. L. C.

Certified Public Accountants

Osage, Iowa

October 1, 2010

City of Williamsburg
Schedule of Findings
Year ended June 30, 2010

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the basic financial statements.

City of Williamsburg

City of Williamsburg
Schedule of Findings
Year ended June 30, 2010

Part II: Findings Related to the Primary Government Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

- II-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person.
- Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.
- Response – We will consider this.
- Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.
- II-B-10 Dual Signature – The City has a policy that requires dual signatures on all checks. We noted that the City Clerk signs the check then stamps the second signature on the check. Therefore, the control of dual signatures is nullified.
- Recommendation – The City should restrict access of the signature stamp to the individual whose name is on the stamp.
- Response – Dual signatures will be properly used.
- Conclusion – Response accepted.
- II-C-10 Water Loss - Water usage reports calculated by the utility clerk indicate a fluctuation water loss problem. Review of water usage reports from 2009 reveal that the City lost an average of approximately 4,000,000 gallons of water per month during the last six months of the year.
- Recommendation: Since water loss can occur because of leaks and/or unmetered usage, continuing efforts should be made to investigate why the City is experiencing substantial water loss.
- Response: We will continue to investigate the water loss.
- Conclusion: Response accepted.

City of Williamsburg
Schedule of Findings
Year ended June 30, 2010

Part III: Other Findings Related to Statutory Reporting:

- III-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 exceed the amounts budgeted in the general government and debt service functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – In the future the budget will be amended, if applicable.

Conclusion – Response accepted.

- III-B-10 Questionable Disbursements – No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

- III-C-10 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

- III-D-10 Business Transactions – No business transactions between the City and City officials were noted.

- III-E-10 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- III-F-10 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

The list of bills approved in the minutes of the December 14, 2009 Council meeting were not published as required by Chapter 372.13(6).

Recommendation – The City should publish minutes, including a list of claims as required.

Response – The list of bills that were approved at the December 14, 2009 City Council meeting but were not published was an oversight by the City Clerk. It is City policy to approve and publish all minutes including submitted bills. A closer review prior to publication will take place to ensure this doesn’t happen again.

Conclusion – Response accepted.

- III-G-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City’s investment policy was noted.

City of Williamsburg

Schedule of Findings

Year ended June 30, 2010

III-H-10 Revenue Bonds – The City has complied with the revenue bonds resolutions.

III-I-10 Financial Condition – There were no funds with deficit balances at June 30, 2010.

